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SUBJECT: GLOBAL FUND ALLEGES FRAUD AND MISMANAGEMENT IN MAURITANIA

SENSITIVE BUT UNCLASSIFIED - PROTECT ACCORDINGLY

1. (SBU) Summary: The Geneva-based Global Fund issued a formal complaint letter to its Mauritania Country Coordinating Mechanism (CCM) February 13 alleging fraud and mismanagement of the country's \$32 million Global Fund aid package for malaria, tuberculosis and HIV/AIDS. All funding has been frozen in Mauritania until the underlying problems can be addressed. While the Global Fund criticized the CCM for lack of oversight, its allegations of fraud and mismanagement are directed at the two principal beneficiaries: UNDP and the National Executive Secretariat for the Fight Against AIDS (SENLS). The Global Fund's formal complaint follows the CCM's recent trimestrial progress report submission and a December 2008 Global Fund technical verification visit to Mauritania. The two principal recipients have both responded to the allegations. While the response and action plan from UNDP were generally considered adequate, SENLS has not provided a sufficient response and there are still many concerns about problems within it. The CCM has yet to respond to the Global Fund, although it is expected to do so shortly. Criticism of the CCM for lack of oversight is not surprising given the disorganization and chaos that have existed within it for quite some time. The CCM is now moving forward with restructuring plans intended to address some of the most serious issues. The Global Fund is planning a follow-up investigation of the program in Mauritania and is looking at ways to improve management, such as employing Grant Management Solutions. End summary.

The Global Fund and Mauritania's CCM

2. (U) The Global Fund is an international financing institution, which has committed \$14.9 billion to date in 140 countries to support large-scale prevention, treatment and care programs for tuberculosis, malaria and HIV/AIDS. The United States is the largest donor, with pledges totaling over \$4 billion between 2001 and 2008, and a recent pledge of \$500 million for 2009. The Global Fund uses a performance-funding approach, meaning that funding is transferred to principal recipients upon completion of certain performance indicators. At the country-level, the Country Coordinating Mechanism (CCM) is responsible for programmatic oversight and achievement of these performance indicators. The CCM comprises all key stakeholders, including representatives from the Ministry of Health, technical partners, the private sector, civil society, principal recipients, and donors. While the CCM does not have direct financial responsibilities, it is responsible for submitting proposals, nominating the entities accountable for administering the funding, and overseeing grant implementation. There are two principal recipients in Mauritania: UNDP which oversees the malaria and tuberculosis portfolio and SENLS (National Executive Secretariat for the Fight Against AIDS) which oversees the HIV/AIDS portfolio. The principal recipients receive the money directly from the Global Fund and are charged with implementing the programs. They are also charged with writing the trimestrial progress reports. UNDP and SENLS both have several sub- and sub-sub-recipients.

The Global Fund's Accusations

3. (SBU) In its February 13 letter, the Global Fund accused UNDP of a lack of sub-recipient financial management transparency; a lack of supervision of sub- and sub-sub-recipients; difficulty

reconstituting and justifying data (financial and programmatic) previously transmitted to the Global Fund; and inadequate human resource capacity to manage key functions of the program. The Global Fund accused SENLS of fraudulent practices and a lack of transparency. It noted SENLS' lack of an archiving system that would allow reconstitution of data (financial and programmatic) and justification of expenses; lack of supervision of sub- and sub-sub-recipients; and inadequate human resource capacity to manage key functions of the program. The more serious of the allegations are directed at SENLS. Recipient NGOs have also made accusations of fraud against SENLS, complaining most often that they have to pay SENLS employees in order to be reimbursed. Post has shared these accusations with Global Fund Portfolio Manager for Mauritania Vanessa Rousselle.

14. (SBU) The Global Fund criticized the CCM for a lack of oversight, but did not accuse it of fraud or mismanagement. The CCM has only received \$43,000 from the Global Fund for its oversight activities. The program funds are given directly to the principal recipients; they are not channeled through the CCM. The principal recipients are required to maintain data and provide trimestrial reports to the Global Fund, which they submit via the CCM. The CCM does not actually write the reports, it only reviews them.

UNDP Response

15. (SBU) UNDP Resident Representative Maria do Valle Ribeiro responded to the allegations in a letter dated February 27. In the letter, Ribeiro summarized UNDP's action plan, which is designed to correct the deficiencies identified by the Global Fund. Similarly, Ribeiro sent a February 18 letter to the President of the CCM requesting his assistance in responding to the allegations and implementing UNDP's action plan. Moreover, she requested that he improve CCM oversight of the Global Fund sub-recipients' financial and programmatic activities, which UNDP infers are at the root of the problem. The CCM president responded in writing to Ribeiro's February 18 letter and stated that the Ministry is considering these allegations very seriously and that the anticipated CCM restructuring should help correct the CCM deficiencies identified by the Global Fund.

SENLS Response

16. (SBU) In its February 26 response to Global Fund, SENLS Executive Secretary Dr. Abdallah Ould Horma attempted to respond to the Global Fund's accusations. While Horma responded to many of the technical aspects raised by the Global Fund, his response to other aspects of the letter was insufficient. The SENLS did not address all of the Global Fund's concerns nor did it present a detailed action plan on par with the one the UNDP presented. While SENLS said in its letter that it welcomes further investigation by the Global Fund, there are still serious concerns about fraud and mismanagement within the SENLS that have yet to be addressed.

The Ministry of Health/CCM's Non-Response

17. (SBU) While UNDP and SENLS have both responded to the Global Fund's letter, the CCM has yet to respond. The reasons for the delay are not clear. It may be due to the current political crisis and the fact that the CCM is barely functioning and has not been organized enough to prepare a response. However, French Cooperation representative Michel Treutenaere suggested that there is more than meets the eye. He suggested that the Ministry of Health is trying to maintain control of the situation by: 1) waiting to see to what extent the primary recipients (UNDP and SENLS) implicate the Ministry in the fraud and general mismanagement charges; 2) planning for a "house cleaning" within the Ministry of Health, which would allow the Ministry to save face in light of allegations because they will get rid of the culprits; 3) waiting to pass the buck - and the blame - on to the next CCM President, once the group is restructured and a new President is named; and 4) avoiding the confession that the Ministry is part of the problem, and attempting to stay "clean."

Turmoil within the CCM and Ministry of Health

18. (SBU) During the past two years there have been five ministers of health, two of whom have been very political. This has led some to

conclude that health policy has been politicized, although others disagree with this assessment. In any case, the rapid turnover of ministers and other top officials within the Ministry of Health has created a lack of stability and continuity within the Ministry, affecting the implementation of many programs. The latest junta-appointed minister, Mohamed Abdallahi Ould Syam is a public law specialist trained in international relations. Likewise, the Secretary General Dr. Mohamed Abderrahmane Ould Ahmed Sidatt is from a non-health background, but politically astute and with a good reputation as a man of action by most stakeholders. Sidatt is a long-standing government civil servant and known organizational "fix it" man.

¶9. (SBU) Mauritania's 23-member CCM has been fraught with problems since its creation. There have been discussions since early 2008 about restructuring the CCM to make it a more effective oversight body. Until recently the meetings were disorganized to the point of being chaotic. While the CCM reports to the Global Fund, not the Ministry of Health, it has been affected by the rapid turnover and lack of continuity within the Ministry of Health. The Secretary General of the Ministry of Health is also the President of the CCM. With each new Minister, there has usually been a new secretary general. The constant change in leadership of the CCM has meant a lack of continuity and stability. Thus the Global Fund's criticism of the CCM for negligence and lack of oversight is not surprising. Since his appointment, Sidatt has improved the functioning of the CCM, but it remains far from perfect. There are significant internal communication and organizational problems which continue to impede its effectiveness. CCM members such as Treutenaere and World Health Organization representative Dr. Lamine Ciss-Sarr are convinced that CCM President Sidatt will indeed improve CCM functioning and transparency, but it will take time.

¶10. (SBU) Donors have long complained that their calls for better oversight on the part of the CCM are not being heard. On March 2, the donor's group collectively presented a letter to the junta-appointed Minister of Health urging him to recognize that there is a management problem within the CCM and within the Global Fund Mauritania portfolio, and to respond to the Geneva letter. To date, the Ministry has responded neither to the Global Fund's letter nor to the donor's letter.

CCM Restructuring

¶11. (SBU) There are already preliminary efforts underway to restructure the CCM. At the last CCM meeting February 19, the president announced that members would receive a draft restructuring proposal. One of the main concerns is membership, especially the role of the sub- and sub-sub-recipients in the decision making process. Because the Ministry of Health is both a sub- and a sub-sub-recipient, there is concern about a potential conflict of interest if the Secretary General of the Ministry of Health presides over the CCM. For example, the CCM determined at its February 19 meeting that the vast majority of goods purchased under the Fund's Round Two, a \$2.4 million USD tuberculosis and malaria program, would be turned over to the Ministry of Health, including all five vehicles.

¶12. (SBU) There are questions as to whether the Secretary General of the Ministry of Health should continue to preside over the CCM. In most countries, the Ministry of Health is a principal recipient. When the Global Fund began programs in Mauritania, it determined that the Ministry of Health did not have sufficient capacity and thus gave the malaria and tuberculosis portfolio to UNDP rather than the Ministry of Health. The Ministry of Health has expressed its interest in becoming the principal recipient for the tuberculosis and malaria programs for well over a year. The Global Fund has given no indication that it is prepared to accept this change at the current time. If it ever were to, there would be serious questions about oversight and whether the Ministry of Health should directly manage several million dollars in donor funds given the current political situation.

Conclusion - unanswered questions

¶13. (SBU) There are many unanswered questions about the future of the current CCM, its possible restructuring, the role of the Ministry of Health, and even the continuation of Global Fund funding

due to these recent allegations. The CCM response to Geneva's allegation letter will likely be forthcoming once Geneva provides an initial reaction to UNDP's and SENLS' responses. It is not clear if the Ministry of Health will also respond as the Global Fund letter was addressed specifically to the CCM. Rousselle informed the donor group that she anticipates a follow-up investigation in early 2009, but is unsure of exact timing. She told EconOff and LES March 8 that she is tentatively planning a trip to Mauritania March 18-19 to meet with the CCM and donors. She also discussed the likelihood of employing Grant Management Solutions, a USAID-funded program to provide urgent technical support to countries receiving Global Fund funding. In the meantime, the allegations stand, and the HIV-AIDS Global Fund funding for HIV-AIDS programming remains frozen.

HANKINS